# County of Los Angeles
## CHIEF EXECUTIVE OFFICE

**SACHI A. HAMAI**
Chief Executive Officer

March 27, 2020

To:     Supervisor Kathryn Barger, Chair
        Supervisor Hilda L. Solis
        Supervisor Mark Ridley-Thomas
        Supervisor Sheila Kuehl
        Supervisor Janice Hahn

From:   Sachi A. Hamai
        Chief Executive Officer

**MOTION TO SUPPORT SENATE BILL 1333 (DURAZO) – EMPLOYMENT CREDIT AND HOMELESSNESS (ITEM NO. 19, AGENDA OF MARCH 31, 2020)**

Item No. 19 on the March 31, 2020 agenda is a motion by Supervisor Solis recommending that the Board of Supervisors direct the Sacramento advocates to support Senate Bill (SB) 1333, which would create the California Homeless Hiring Tax Credit to incentivize employers to create access to good jobs and living wages for individuals experiencing homelessness, and allow the business community to play a key role in the State's collective response to combat homelessness.

**Approval of this motion is a matter of Board policy determination.**

### SB 1333 (Durazo) – Employment Credit and Homelessness

SB 1333, as introduced on February 21, 2020, would establish the California Homeless Hiring Tax Credit (HHTC) to provide a tax credit, for each taxable year between January 1, 2020, and December 31, 2025, to a qualified taxpayer that employs a homeless individual.

The amount of the HHTC would be between $2,500 and $10,000 per homeless individual, not to exceed $30,000 per taxable year, depending on the number of hours worked by the homeless individual. The HHTC would be issued as follows:

- $2,500 for each homeless individual that works 500 hours;
- $5,000 for each homeless individual that works 1,000 hours;
- $7,500 for each homeless individual that works 1,500 hours; and
- $10,000 for each homeless individual that works 2,000.

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To be eligible for the HHTC, employers must:

- Have 500 employees or less;
- Pay wages subject to tax withholding;
- Pay family-supporting wages at or exceeding the jurisdiction's prevailing wage; and
- Be certified by the Employment Development Department (EDD) in coordination with a continuum of care. Certifications would expire after two years from the date of issuance.

To receive the HHTC, the employer would need to submit the EDD certification to the Franchise Tax Board (FTB) for each homeless individual employed. The FTB would allocate the HHTC on a first-come-first served basis. The total aggregate amount of the HHTC that would be allowed to all qualified employers would not exceed $30.0 million per calendar year.

To be eligible as an employee, an individual must have been homeless on the date of the hire or anytime during the 60-day period immediately before the hire or have received supportive services from a homeless services provider as designated by a local continuum of care or coordinated entry system.

To be considered homeless, an individual's primary nighttime residence would need to be:

- A public or private place not designated for or ordinarily used as a regular housing accommodation;
- A car, park, abandoned building, bus station, train station, airport, or camping ground; or
- A publicly or privately operated shelter designated to provide temporary living arrangements, including a permanent housing, permanent supportive, or transitional facility.

A homeless individual is defined as one who:

- Is fleeing, or is attempting to flee, domestic violence, has no other residence, and lacks the resources or support networks to obtain other permanent housing;
- Will imminently lose his or her primary nighttime residence within 14 days of receiving certification, has not identified a subsequent residence, and lacks the resources or support networks needed to obtain other permanent housing; or
- Has not had a lease, ownership interest, or occupancy agreement in permanent housing in the 60 days before being certified.

This measure is also introduced by Senator Rubio and co-authored by Assemblymember Bloom. It is supported by the California Workforce Association. Opposition for this measure in unknown at this time.

SB 1333 is pending hearing in the Senate Governance and Finance Committee.

## County Impact

The Department of Workforce Development, Aging and Community Services (WDACS) supports this measure because it will catalyze career pathways for homeless populations and elevate businesses as an integral part of the response to homelessness crisis in the State. WDCAS reports that this measure aligns with its core mission to connect vulnerable residents to career pathway employment and spur economic growth for businesses in the County.

The Chief Executive Office – Homeless Initiative (CEO-HI) reports the vast majority of people experiencing homelessness in the County have the capacity to work but, given resource constraints, many will not qualify for rental subsidies; increasing income through employment may be the primary means by which they can exit homelessness and retain housing. The CEO-HI indicates that this bill would establish an added incentive for employers to hire people experiencing homelessness and pay them a living wage, and could assist clients who are receiving rental subsidies from falling back into homelessness by increasing their capacity to make their rent payments. The CEO-HI also notes that this bill could help to increase the pool of employers willing to hire homeless jobseekers with barriers to employment.

## Conclusion

As SB 1333 would create a tax levy to incentivize employers to create access to good jobs and living wages for homeless individuals and allow the business community to be an integral player in the State's collective response for combating homelessness, **approval of this motion to support SB 1333 is a matter of Board policy determination.**

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c:   Executive Office, Board of Supervisors
     County Counsel